

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Petition of BCN Telecom, Inc. for Approval of
Indirect Change of Control of Telecom
Acquisition Company, LLC.

Application 06-01-017
(Filed January 25, 2006)

DECISION GRANTING APPLICATION**Summary**

In this decision we grant the application of BCN Telecom, Inc. (U-6641-C) (BCN or Applicant) to change the corporate ownership structure of its parent, Telecom Acquisition Company, LLC (TACO).

Background

TACO is a New Jersey limited liability company and the parent and sole owner of BCN. BCN is a New Jersey corporation authorized to provide resold and/or facilities-based intrastate local exchange and interexchange telecommunications services in California. BCN is currently authorized as a reseller of intrastate interexchange telecommunications services throughout the United States except Alaska and has resale and/or facilities-based local exchange authority in 22 states. Advance Capital Partners, LLC; JADM Partners, LP; Salvatore Tiano; and ELD Partners, LP (collectively "Sellers") currently hold equity interests in TACO and are the sellers in the transaction.

TACO and the Sellers intend to execute a purchase and sale agreement whereby TACO agrees to purchase 100% of the Sellers' equity interests. TACO's purchase of the Sellers' equity interests will not result in a change of ownership

or control of BCN, which will remain a 100% owned subsidiary of TACO. Following the transaction, Richard Boudria, President and CEO of BCN, will be the majority interest owner of TACO. Mr. Boudria currently owns a 13% minority interest in TACO. There will be no change in the management or operations of BCN as a result of the transaction.

Discussion

Public Utilities Code Section 854 requires Commission authorization before a company may “merge, acquire, or control...any public utility organized and doing business in this state....” The purpose of this section is to enable the Commission, before any transfer of public utility property is consummated, to review the situation and to take such action, as a condition of the transfer, as the public interest may require. (*San Jose Water Co.* (1916) 10 CRC 56.)

As noted above, TACO’s buyout of the sellers’ interests will have no effect on the management or operations of BCN.

In Resolution ALJ 176-3167, dated February 16, 2006, the Commission preliminarily categorized this proceeding as ratesetting and preliminarily determined that hearings were not necessary. Based on the record, we conclude that it is not necessary to alter the preliminary determinations in Resolution ALJ 176-3167.

The application is granted, subject to the terms and conditions set forth below.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Public Utilities Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Assignment of Proceeding

John Bohn is the assigned Commissioner and Karl J. Bemederfer is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Notice of this application appeared in the Commission's Daily Calendar of February 1, 2006.

2. Applicant seeks approval pursuant to Public Utilities Code Section 854 of an internal reorganization that will result in a change in the ownership structure of Applicant's parent corporation.

3. BCN is a certificated competitive local exchange carrier subject to the jurisdiction of this Commission.

4. There will be no change in name, management structure or operations of BCN as a result of the change of ownership structure in its parent corporation.

Conclusions of Law

1. The proposed change of ownership structure is not adverse to the public interest.

2. This proceeding is designated a ratesetting proceeding; no protests having been received, no hearing is necessary.

3. The application should be approved.

O R D E R

IT IS ORDERED that:

1. BCN Telecom, Inc. and its parent corporation Telephone Acquisition Corporation are authorized pursuant to Section 854 of the Public Utilities Code to enter into a reorganization of Telephone Acquisition Corporation, as more

fully described in the application, that will result in a change in the ownership structure of Telephone Acquisition Corporation.

2. The authority granted herein shall expire if not exercised within one year of the date of this order.

3. Application 06-01-017 is closed.

This order is effective today.

Dated _____, at San Francisco, California.